

Message Text

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ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 EA-11 NEA-10 AID-20 CEA-02

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

CIEP-02 SPC-03 STR-08 TRSE-00 LAB-06 SIL-01 SAM-01

OMB-01 SS-20 NSC-07 L-03 PA-04 PRS-01 USIA-15 AGR-20

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6555

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS UNN

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD

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E. O. 11652: N/A

TAGS: EGEN, EEC

SUBJECT: EC REGIONAL FUND

REF: (A) EC BRUSSELS 1355

(B) EC BRUSSELS 1053

1. SUMMARY. EC COMMISSION CONTACTS EXPECT A PRELIMINARY
DISCUSSION OF THE NEW COMMISSION REGIONAL FUND PROPOSAL (1.45
BILLION UNITS OF ACCOUNT) AT THE EC COUNCIL MEETING ON APRIL
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1-2 BUT NO DECISION UNTIL THE MARY 7 COUNCI, AT THE EARLIEST.

THE POSITION OF THE NEW WILSON GOVERNMENT ON THE FUND IS NOT YET KNOWN. END SUMMARY.

2. EC COMMISSION OFFICIALS WORKING ON THE REGIONAL FUND HAVE TOLD US THAT THE LATES COMMISSION PROPOSAL CALLS FOR A FUND OF 1.45 BILLION UNITS OF ACCOUNT (APPROXIMATELY \$1.75 BILLION) FOR TH THREE YEAR PERIOD, 1974-1976. THE FUND WOULD BE CONCENTRATED ON ITALY, THE U. K. AND IRELAND BUT THESE THREE RECIPIENT COUNTRIES WOULD HAVE NET RECEIPTS OF SOMEWHAT LESS THAN HEY WOULD HAVE HAD UNDER THE ORIGINAL COMMISSION PROPOSAL OF 2.25 BILLION UNITS OF ACCOUNT (\$2.71 BILLION).

3. THE OFFICIALS WERE RELUCTUANT TO PROVIDE SPECIFIC PERCENTAGES OR AMOUNTS THAT MEMBER COUNTRIES WOULD CONTRIBUTE OR RECEIVE BECAUSE NEGOTIATIONS ON THE REGIONAL FUND ARE FAR FROM OVER. AGENCE EUROPE IN AN ARTICLE ON MARCH 6 OFFERS THE FOLLOWING TENTATIVE GIFURES:

- A) IRELAND WILL HAVE A NET RETURN OF 80 MILLION UNITS OF ACCOUNT, THE SAME AS IN THE ORIGINAL PROPOSAL. ITALY AND THE U.K. WOULD TAKE A 20PERCENT CUT LEAVING THEM WITH NET RECEIPTS OF 365 AND 200 MILLION UNITS OF ACCOUNT RESPECTIVELY.
- B) THE OTHER COUNTRIES WILL ALL BE NET PAYERS WITH THE NET DEFICIT OF FRANCE LIMITED TO 85 MILLION UNITS OF ACCOUNT.

4. ONE COMMISSION OFFICIAL (A FRENCHMAN) EXPLAINED THAT FRANCE AND GERMANY SEE EC REGIONAL POLICY IN QUITE DIFFERENT WAYS. FOR FRANCE, THE POLICY AND THE FUND ARE FOR DEPARESSED REGIONS. SINCE FRANCE DOES HAVE LARGE DEPRESSED REGIONS (MAINLY AGRICULTURAL), THE FRENCH CLAIM THEY ARE ENTITLED TO A HEALTHY SHARE OF THE FUND. GERMAN6, ON THE OTHER HAND, SEES THE FUND AS A WAY TO SHIFT RESOURCES FROM RICH MEMEBERS OF THE COMMUNITY TO POORER MEMBERS AND, THEREFORE, FRANCE, A RELATIVELY WEALTHY MEMBER COUNTRY, SHOULD PAY HEAVILY TO THE FUND. FRENCH REGIONAL PROBLEMS, THEY ARGUE, CAN BE HANDLED WITH AVAIL- ABLE FRENCH INTERNAL RESOURCES.

5. COMMISSION OFFICIALS BELIEVE THEY HAVE GONE AS FAR AS THEY CAN IN PUTTING TOGETHER A FUND PROPOSAL THAT MEETS THE DEMANDS OF ALL MEMBER STATES. THEY EXPECT A PRELIMINARY DISCUSSION OF THE PROPOSAL AT THE EC COUNCIL MEETING ON APRIL 1-2 BUT SEE THE LIMITED OFFICIAL USE

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COUNCIL MEETING ON MAY 7 AS THE EARLIEST DATE FOR POSSIBLE AGREEMENT. THE POSITION OF THE NEW WILSON GOVERNMENT ON THE FUND IS NOT YET CLEAR AND WILL, OF COURSE, BE CRUCIAL. WE UNDERSTAND THAT COMMISSIONER THOMSON, WHO IS RESPONSIBLE FORE REGIONAL POLICY, WILL BE NEXT WEEK HAVE TAKEN UP THE SUBJECT WITH THE NEW BRITISH GOVERNMENT. GREENWALD

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